

DRAFT
CALFED Policy Group
Meeting Summary
June 4, 1998

Announcements and Updates

- In a recent lawsuit (Oregon NRC vs Daley) against NMFS by environmental interests in Oregon, the court ruled that NMFS should proceed with listing the Coho salmon and not rely on future voluntary state conservation efforts. The implications for the CALFED Program were discussed. The court statements indicate that the lack of assurances and specificity in the plans was a primary concern in the court's ruling.

Schedule for EIS/R and Selection of a Preferred Alternative

- The schedule for completing the revised draft EIS/R and selecting a preferred alternative was discussed. In August the CALFED Policy Group will be asked to decide on a basic framework for the preferred alternative identifying which components are in the mix and identification of the basic conditions for staging implementation. September and October will be dedicated to refinement of the conditions and linkages.
- Concern was expressed that agreement on the basic framework will involve extensive interactions at all levels of CALFED agencies and a decision on the basic framework may not occur at the August Policy Group meeting as scheduled. Staff indicated that a presentation later in the agenda on the Nature of the Decision should help address some of the concerns regarding what type of decision could be made in August.
- Staff clarified which documents are scheduled to be revised as part of the December release of the Revised Draft EIS/R. The Main Document will not be updated until the final (except Chapter 4) but all the Technical Appendices on the program components, the Executive Summary and the Phase II Report will be updated as part of the Revised Draft.
- Staff updated Policy Group on the Agency Revision Team (ART) which will discuss issues and elevate those issues that are not resolved at a staff level. ART is expected to elevate issues for discussion at the next CALFED Management Team and Policy Group meetings in July.

Nature of the Decision/Selecting a Preferred Alternative

- A correction to bullet four, page 1 of the May 1, 1998 minutes was requested. The revision follows: "There are several reasons it is difficult to eliminate the isolated facility from the mix of possible future decisions. Of the alternatives available for Delta

conveyance, the isolated facility 'appears' to provide the greatest reduction of bromides in drinking water levels and to provide the greatest protections for fisheries. Because additional studies and information is needed to confirm these indications, it is not reasonable to exclude the isolated facility from future consideration at this time."

- A June 4, 1998 draft paper on *Developing a Preferred Alternative* was distributed which laid out the concepts of staged implementation, conditional decisions and Stage I actions. Conditions developed as part of the preferred program alternative would guide future decision. This document will be continually updated as comments are provided on the basic framework, example conditions and actions.
- Concerns were expressed over the wording of the example conditions and whether all conditions need to occur in order for the specified action to proceed. Specifically, deletion of the language linking the isolated facility to a catastrophic failure of levees was proposed.
- The discussion of the alternative examples in which the isolated facility may not be constructed results in a new challenge to make the through-Delta conveyance options work as much as possible. Therefore we need to ensure that the Diversion Effects on Fish Team provides the input to Policy Group on how to maximize the benefits of Alternative II or a variation of through-Delta conveyance.
- Clarification was provided that under any alternative there will not be an isolated facility in Stage I due to the ramping up required prior to construction -- therefore, under any scenario all efforts would need to be made to maximize Alternatives 1 or 2 during Stage I.
- Concern was expressed that this draft on developing a preferred program alternative is only information to review and consider at this time and that no agreement on the presumptions, conditions, or actions should be assumed.

Action

- Requests were made to expand the process for agency involvement in developing the conditions, Stage I actions, and integration of the preferred program alternative. Policy Group requested a report to Management Team at their next meeting on progress in providing the integrated agency input.
- A report from the Fish Team was requested at the July Management Team and Policy Group meetings. In addition, the Fish Team will work to provide input at the August meeting regarding the design and operations of Alternative 2. The final report which evaluates the operations and design of all alternatives is scheduled for the September meetings.

Restoration Coordination

1. General Update:

- Staff gave a brief update on the recent Proposal Solicitation Package (PSP). Staff indicated that the delay in finalizing the EIS/R and the Record of Decision will also result in the delay in \$390 million in state funding for ecosystem restoration provided in Proposition 204. Therefore the funding for early ecosystem restoration will be primarily federal funding in FY 1999.

2. Environmental Water Acquisition

- Four outstanding issues were described by staff regarding the BDAC Ecosystem Roundtable Principles and Guidelines for the Environmental Water Acquisition Program: (1) linkage with water supply improvements, (2) level of local support needed to move forward, (3) programmatic v. individual analysis, and (4) redirection of transferred water.
- Clarification was provided regarding how the the CALFED funding and the CVPIA funding for water acquisition would be coordinated. In the near term the funding sources would be coordinated, but in the long term there was a desire expressed to work towards a merged "virtual funding pool."

Action

- Policy Group approved continued funding for a water acquisition program at a \$14 to \$16 million level to fund a drought acquisition reserve. This is a reduction from the previous level of \$20 million. Staff was asked to report back to Management Team and Policy Group on how the remaining \$4 to \$6 million would be allocated. Some of the funding could possibly be used for water acquisition studies.

3. Contract Amendment Process

Action

- Approval was provided to revise the contract amendment process. The primary change is to direct all contract amendments of up to 30 percent of the contract amount or up to \$500,000 to an Ecosystem Roundtable subcommittee and a Management Team subgroup for appropriate action. Final decisions on amendments still rests with the Department of Interior or The Resources Agency, depending on the funding source.

3. Prospect Island Habitat Restoration Project

Action

- Policy Group approved \$2 million, contingent on concurrence by the Ecosystem Roundtable, for the Prospect Island Habitat Restoration Project. The \$2 million should be provided from federal Bay-Delta Act funds that are available due to the reduction in

water acquisition funding. The funding is for levee repairs needed to begin the habitat restoration activities. The Corps requested the funding at this time because of the need to begin the work this summer and therefore not wait for a decision under the PSP schedule in September. Levee erosion on the interior side has been extensive since the levee breached a year ago and local interests are concerned about adjacent island impacts.

- Policy Group expressed the need to increase the communications with local landowners and reclamation districts to discuss their concerns over the restoration plans for the property. It was emphasized that although this is a project funded by the CUWA Category III funds, it is seen as a CALFED project and we need to continue to demonstrate our interest in working with local interests.

Program Component Updates

Storage and Conveyance

- Staff provided an update on the program and reviewed three current issues: (1) defining the range of storage in the Preferred Alternative, (2) economic evaluation of water management alternatives, and (3) development of groundwater conjunctive use implementation plan.
- One of critical work efforts includes the Economic Evaluation of Water Management Alternatives. Staff is proceeding with a short-term analytical approach which may be available in the August time frame for a preferred program alternative decision, and then staff will proceed with a long-term analytical approach through Phase II.
- Concern was expressed that staff need to be sure the short term approach provides Section 404 assurances and is coordinated with the Corps of Engineers and EPA.
- Concern was expressed that due to the complexity of the issues the study effort would not provide credible results.
- Regarding the Reservoir Screening Process described by staff, concern was expressed that the screening needs to simultaneously review economic and environmental features.

Water Transfers

- Staff gave an update of the program and highlighted three primary areas that the program is focusing on: (1) Protections: environmental economic, and water resources, (2) Rules: technical, operational, and administrative, and (3) Cross Delta and Access to facilities: state and federal.
- Concern was expressed that the program was not providing actions that do not already exist in law and statutes.

- A primary feature of the water transfer program includes adoption of a clearinghouse to ensure local interest protections.
- A letter from the California Business Roundtable and CEO's of Major Companies supporting a voluntary water market was distributed for information.

Delta Levee System Integrity Program

- Staff gave an update on the levee program and the relationship between the ecosystem, levee, and conveyance programs regarding Delta levees.
- The approach recommended by the Levee Technical Team regarding subsidence control was discussed. For levee stability, subsidence will be addressed on the perimeter of the island and not the entire island.
- The need to include boating impacts in the levee program was expressed. CALFED should test methods to minimize the impact of boating on levees and habitat.
- Clarification was provided that the efforts in the levee program to maintain levee stability and avoid habitat impacts do not require funding by the ecosystem program. Only when enhancement of levee habitat is provided would funding be provided by the ecosystem program. The level of ecosystem enhancement in the Delta will need to be determined.

Water Quality Program / Bromides

- Staff gave an update on the program. Questions were raised regarding the type of actions that are anticipated to be included in the Water Quality Program. Staff indicated various types of actions will be taken: education, BMP's, research, monitoring, demonstrations and full scale implementation.
- The program needs to integrate with other efforts by regulatory agencies and be flexible as new rules and standards are adopted. EPA and other regulatory agencies can help set priorities with CALFED.
- There was general agreement with the staff approach to: (1) identify areas where there is agreement to act/implement now, and (2) identify areas where additional research/monitoring is needed to determine appropriate courses of action.
- Bromides: Proposed tasks were presented for the expert panel being convened to help CALFED evaluate the significance of bromide to the CALFED decision among alternatives. Also, prospective panelists were discussed. There was general concurrence on the approach.

Emerging Issues

- A list of "emerging issues" was distributed for discussion. Issues included: (1) restoration on public lands before private lands, (2) safe harbor for adjacent landowners, (3) in lieu taxes for local governments, (4) tax related incentives for water use efficiency and water recycling.
- Concern was expressed that caution should be taken when indicating existing public lands be restored for CALFED objectives before private lands. Many public lands have other purposes for which they were acquired and those uses may not benefit the CALFED objectives.
- Concern was expressed regarding safe harbor policies. The Service indicated that safe harbor policies need to be expressed in the context of the CALFED Conservation Strategy and not before.

Action

- The USFWS and DFG agreed to provide a draft policy statement regarding safe harbor for adjacent landowners.